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World Chronicle

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GUEST: **Karl Theodor PASCHKE**
UN Under-Secretary-General for Internal Oversight Services

JOURNALISTS: James Bone, *The Times* (London)
Evelyn Leopold, Reuters

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INTERNAL OVERSIGHT

Karl Theodor PASCHKE, United Nations Under-Secretary-General for Internal Oversight Services (OIOS), elaborates on the findings of his first comprehensive report submitted to the General Assembly through the Secretary-General. The United Nations rules and regulations are overly complicated, and the Organization needs managerial and administrative reforms. In addition, United Nations managers should be more aware of their responsibility and accountability. OIOS has no executive powers and only makes recommendations to the General Assembly. Mr. Paschke believes that internal oversight should be introduced to all United Nations organs.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

In view of the increased importance, cost and complexity of United Nations activities, the General Assembly has decided to enhance oversight functions within the world organization. To that end, it's created an important new office — the Office of Internal Oversight Services — which recently issued its first report.

Our guest today is the head of this office. He is Under-Secretary-General Karl Theodor Paschke, who reports directly to the United Nations General Assembly through the Secretary-General. Joining me to talk with Mr. Paschke are James Bone of *The Times*, of London, and Evelyn Leopold of Reuters. Mr. Paschke, welcome to World Chronicle.

PASCHKE: Thank you.

LITTLEJOHNS: Mr. Under-Secretary-General, when Mr. Boutros Boutros-Ghali became the Secretary-General of the United Nations, he was asked what was his biggest surprise upon taking office, and he's said to have replied that the Secretariat of the United Nations was worse than the Egyptian Civil Service, of which he'd had considerable experience as a long-time high government official. What was your big surprise when you joined the UN?

PASCHKE: If I try to think of my first reaction that I had after being acquainted with this office, I have to think of receiving the staff rules and regulations. When I received this sizable booklet, still in Bonn, after I was confirmed and after I received the letter of appointment, it came as a shock to me to get this huge book and look into it and see how complicated it was. When I came here, I don't think I was very surprised. My first experience with the United Nations was not on 15 November 1994, when I took office here, but I was the German Ambassador with the United Nations Organization in Vienna, Austria from '84 to '86. So I came here with at least some UN experience, at least experience that I had gathered as an outside observer. But even then it was obvious to me that this is a very complex administration, that this is an administration which is conditioned and characterized by the fact that it is a multicultural outfit, and that it is run by an executive board with 185 members who have very different views of what this enterprise is supposed to do and to produce. I think that's a very typical characteristic of the Organization, and that struck me, but it really did not surprise me. I have since become much more aware of this complexity. I must also say that one thing that pleasantly surprised me when I came here was the fact that everybody greeted me with a great deal of warmth and made me welcome.

LITTLEJOHNS: Maybe they were buttering you up in the hope that you....

PASCHKE: Yes. Well, no, I think I had my honeymoon here, people said — colleagues, staff members, said "It's good to have you here. This is a new important function, and we wish you luck." And I felt very much at home at the beginning. The feeling of being terribly welcome somewhat decreased as time went on —

LITTLEJOHNS: As your reports came out.

PASCHKE: — and as my reports came out. That is, I guess, quite natural. This position that I have naturally has to be controversial. And I can't, I don't think, ever win a popularity prize around here by what I'm doing.

BONE: You tell a very nice story in your report about when you first came, and your mandate of course is to stop waste and fraud and abuses, that kind of thing, and that you managed to save a lot of money by changing the way the Security Council decisions were circulated to Member States. Can you tell us how that happened?

PASCHKE: Well, since I came from the German Foreign Ministry, already before I joined the United Nations I became aware of the fact that the United Nations Security Council sent important decisions out to Member States by telex, as they were taken. And it seemed to me like a somewhat unnecessary exercise, because, after all, all Member States are present in New York by their missions, and the missions really have to monitor the Security Council as one of their first priorities. So I would suppose that at the same time when these texts arrived in Bonn emanating from the Secretary-General, usually with the signature of the Secretary-General on them, the same text had already been forwarded to the ministries by the New York missions. So I felt here was some duplication of work and duplication of expenses that we should stop. So I suggested to the departments in question that maybe they look into this practice and start a survey of the missions here and find out which of them indeed telexed or faxed or somehow communicated by cc:Mail or by other modern means of communication the texts of the Security Council decisions to their capitals. And then of course we reduced the —

BONE: And you said you saved $100,000 a year doing that.

PASCHKE: Well, that's about it, because telex fees used to be quite expensive.

LEOPOLD: Right. You mentioned in your report you were having turf battles and a lot of difficulty in trying to get managers to cooperate with you. I'm going to ask a very basic question: How do you reform the UN? I mean, are you looking to cut staff? Are you looking to streamline procedures? Are you looking for corruption? Where do your turf battles come in?

PASCHKE: We have just recently during the fiftieth anniversary celebrations heard many speeches which re-endorse the United Nations and define it as a future-oriented organization. Most of these speeches contained the word "reform", but in very few speeches

did I hear a clear definition of what reform means. I think there are a lot of definitions, a lot of ways reform should be applied in the United Nations. I definitely think that the United Nations needs a managerial, an administrative reform, and I feel reassured in this belief, because in a very recent document that came out the Department of Administration and Management also said, yes, we are making efforts to better manage this place: There has to be more cooperation; there has to be more communication horizontally and vertically; there have to be less complicated procedures; the rules and regulations have to be weeded out. All of this, I believe, is a very needed way of reforming the United Nations.

But then, of course, there are other ways to reform the Organization that I think are necessary but cannot be brought about by the Secretariat. I'm talking about the UN system in particular, the vast array of specialized agencies who are out there and who have grown more or less unpruned during the last five decades. And I'm convinced that there are a lot of duplicated and overlapping mandates that, in my view, should be looked at very critically and should be rewritten. And that would be a very meaningful and, I think, a very cost-effective reform of the United Nations system.

LITTLEJOHNS: What about eliminating some agencies? For example, the United Nations is calling for the elimination of the UN Conference on Trade and Development, arguing that its functions are duplicated by the new World Trade Organization, which has replaced GATT. What are your views on that? Do you think that UNCTAD should be canned?

PASCHKE: No, I don't think so. But I believe UNCTAD has to very, very fundamentally rethink its mandate. Indeed, the WTO has taken over some of the functions that UNCTAD used to have. But UNCTAD, I believe, remains a very important forum, particularly for the third world countries to articulate their beliefs and their philosophies and their aspirations in world trade and beyond.

LITTLEJOHNS: But it's the first world countries that have to pay for it. And they don't want to do it.

PASCHKE: Well, I think that is the situation that you have all over the United Nations system, that you have parts of it catering to third world countries and still having to be financed mainly, at least, by the countries of, you might say, the first world, the industrialized countries. That's the situation in the United Nations system, and I find it perfectly acceptable that this is the case. That's the way the world is in which we live —

LITTLEJOHNS: But that's a sort of international welfare, and welfare has become —

PASCHKE: I don't think so.

LITTLEJOHNS: — become a dirty word.

PASCHKE: No. I'm afraid I have to clearly disagree with this. I don't think to maintain the United Nations is anything that might be called welfare activity. I think to maintain and strengthen the United Nations has a great political importance. I believe the United Nations is the most important forum to manage the relationship between the countries of the North and the countries of the South. And I happen to believe that the countries of the North benefit as much from this stabilization of their relationship with the countries of the South as the countries of the South do.

BONE: Mr. Paschke, we always talk about UN reform in a generic sense, so, you say — nobody mentions specifics, and we always talk about UN fraud, waste, abuse, inefficiency in a generic sense. One of the things I liked about your report, and actually is going to be good, from your function, is that you bring out specific examples. I'm thinking of a couple of examples, for instance, in your report: In Bosnia, the peace-keepers bought too many snowmobiles; in Somalia they overpaid by a million dollars for drinking water by buying it on the open market rather than from a contractor; in the UN Special Commission somebody working as a travel assistant ripped off $28,000 of UN traveller's cheques; in the UN Relief and Works Agency in Palestine, somebody had $110,000 of UN money put in his personal bank account. This kind of thing seems to be endemic in the Organization.

PASCHKE: Well, I don't think it is more endemic in this organization than in any large organization — there is a certain amount of corruption and fraud. This is one of the reasons why my office was created. It is called the Office of Internal Oversight, and it provides a service now to the Organization that was lacking for almost 50 years. The United Nations, for reasons that I'm not totally aware of, felt for almost 50 years that it didn't need that kind of oversight which I believe is a natural and important and even indispensable component of the management culture of any large organization. Therefore, the fact that we now have this Office of Internal Oversight makes a difference already. By our very existence, by the fact that we are looking over the shoulders of managers, that we are breathing down the neck, so to speak, of people who have to take decisions in this Organization, provides this Organization with a better internal control system; it provides an element of responsibility and accountability.

BONE: Aren't you sometimes surprised at the level of incompetence? For instance, in Somalia somebody stole $3.9 million in hundred dollar bills that was in the bottom drawer of a filing cabinet at the UN base. Now, it seems to me that's the perfect crime! I mean, how does that kind of thing happen?

LITTLEJOHNS: Before you answer, Mr. Paschke.... This is **World Chronicle**. Our guest is Karl Theodor Paschke, United Nations Under-Secretary-General for Internal Oversight Services.

PASCHKE: The Somalia theft is, in a way, a very good example of the high risk environment in which peace-keeping missions have to work.

BONE: But don't you think if you put $3.9 million in a filing cabinet in New York you would have it stolen as well?

PASCHKE: Oh, yes, that might very well happen.

BONE: It's not because it was in Somalia, it's because....

PASCHKE: This is why I say — well, this is why I say it is not a typical UN feature that this happened. But it points to the fact that, indeed, when you start and when you conduct a peace-keeping mission you sometimes have to be aware of environmental dangers that you may not have in a well-organized infrastructure.

LITTLEJOHNS: That's a very good euphemism, "environmental dangers"! *[laughs]*

PASCHKE: Yes. Well, what I'm saying is United Nations managers have to be made aware of the fact that they have to be more careful, that they have to be more responsible for what they're doing. And my resident auditors, who are now a regular feature of peace-keeping missions, are out there now to exactly point the finger to such situations. We have, as a consequence — and as a lesson learned from peace-keeping, from this particular incident — made sure that the cash management procedures in all peace-keeping missions are constantly watched by my resident auditors. And I just hope that nothing of that kind will ever happen again.

LEOPOLD: Do you have enough money to conduct the reforms? Some parts of your report said that you couldn't do training programmes. Do you have enough money to dismiss people? Does the Organization have enough money, because of the huge debt, to do some of the things that you set out to do?

PASCHKE: Well, let me say two things to that. One is I do not have executive power. The characteristic feature of this office is that it makes recommendations on the basis of findings, but that it is the responsibility of managers to then comply with these recommendations and to actually take action.

LEOPOLD: Have you made specific ones that managers have complied with or not complied with?

PASCHKE: Of course we have. In our reports, in the individual reports which I have submitted to the General Assembly through the Secretary-General, we have numbers and numbers of recommendations; some of them have been complied with immediately, some of them take some more time to be complied with, and some of course have been met with reluctance on the part of managers. Then they do need to give us and, in the final analysis, they have to give to the General Assembly good reasons why they do not comply with it.

BONE: Your office was established after much pressure from the American Congress. I mean, the American Congress was saying it would withhold funding for the United Nations unless they set up what they called an inspector-general. What they got finally was something call the Office for Internal Oversight Services, which seems to be a rather long-winded UN phrase for inspector-general.

LITTLEJOHNS: Although you are essentially an inspector-general, aren't you?

PASCHKE: Yes.

BONE: But there are still some in the US Congress who say that your function should be strengthened and that the US should continue to deny funds until your office is strengthened. Are you happy with the powers you have now?

PASCHKE: I think I'm happy with the powers I have now, because I have become quite familiar with the concept of the inspector-general also in the American public administrative culture. One of the features of this inspector-general's office is that they do not have executive power, but they do make recommendations, and yet, at the same time, they wield important power because they report also to Congress. Here we have a similar situation — I report to the General Assembly. And it is really the General Assembly that has to become more aware of what's going on in the Organization and has to support my suggestions and has to make clear that they expect managers to comply with our recommendations.

BONE: Yes, that was actually a big battle — wasn't it? — when your post was set up, who you would report to.

PASCHKE: Yes.

BONE: I mean, Boutros-Ghali, the Secretary-General, wanted you to report to him; of course the Americans wanted you to be independent enough that you could go directly to Congress without any possible interference from senior UN officials; and the compromise now is that you report to Boutros-Ghali, who forwards your report unchanged, but with comments attached, to the General Assembly.

PASCHKE: Yes. I think that is perfectly suited for my office. I also believe that my office can be more effective because of the set-up that I have now; in other words, I am a part of the hierarchy of the secretariat. This management culture here needs internal oversight, and this is what this office is called —

LEOPOLD: The UN —

PASCHKE: Let me just finish this. The fact that I am the peer of the other department managers, that I have a direct access to them, that I am not perceived by them as an outsider who is watching from the outside, but that I am part of this management

culture, I think makes me more effective than if I were perceived as just an inspector-general or some outside auditor.

LEOPOLD: Are you under pressure from the Clinton Administration to do something dramatic so that they can say to Congress "Now pay the money. We've done the reform."?

PASCHKE: No.

LEOPOLD: But you have gotten criticism when you first started for starting too slowly, or not making disclosures.

PASCHKE: Yes. Well. I have been a long time involved in, at least as a diplomat, the conduct of foreign policy, and also of politics. I understand that politicians — and particularly in this country — politicians are never patient. When I came into office on the 15th of November, on the 16th of November, you know, requests came from Congress: "What does he do now? What are his first results?" I have counselled patience. I have issued my first report when I felt that I could really responsibly say, yes, I identify with this kind of work. And then I must say that the criticism ceased. The nine individual reports which I submitted before coming out with this first comprehensive report obviously have convinced Congress that we are doing serious work, and I just hope that this first — it is not an annual report, but it is a comprehensive report, will further convince Congress and all the others who are watching this office that we are now clearly on the map of the United Nations, that we are part, or a meaningful component, as I always say, of the management culture.

BONE: How do you relate to the other auditors-general that exist in the UN system? I'm thinking particularly of the case of the World Health Organization, where the auditor-general, Sir John Bourne, a British accountant, quit because he wasn't getting cooperation in his investigation. Will you now take up an investigation like that investigation?

PASCHKE: Well, obviously my purview does not extend to the specialized agencies, therefore a case in WHO could find my interest, but not my active involvement. I'm responsible for the Secretariat, for the regional commissions, and for the so-called "separately administered funds and programmes under the direct authority of the Secretary-General". This is a tall load already, and with the limited resources I have, I can provide internal oversight to these bodies, but I would not even dream of extending my work to the specialized agencies at this present stage. But I know there is discussion out there, particularly among Member States, to at least follow the model of OIOS, the Office of Internal Oversight, also in the specialized agencies. And I think that's the way it should be done. Once we are really on the map, now that we are established as an office that has a

certain purview, a certain methodology or so, I think I could serve at least as counsel, as an advisor to the specialized agencies, to also set up, if they don't have it, a system of internal oversight of their own.

LEOPOLD: You criticize them quite a bit in your report as expanding, overlapping and under nobody's control. How will the Member States take charge of sacred cows like UNICEF and FAO?

PASCHKE: Yes.

LEOPOLD: I mean to give an example, because these are holy — these are untouchables quite often.

PASCHKE: Well, here again we have to differentiate between FAO, which is a specialized agency —

LITTLEJOHNS: The Food and Agriculture Organization.

PASCHKE: Yes. And UNICEF, which is the United Nations Children's Fund and is under the direct purview of my office also to a certain extent.

LITTLEJOHNS: So you are auditing UNICEF?

PASCHKE: I am not auditing UNICEF, because they have their own audit capacity, but we would, for instance, provide investigative services also to UNICEF or to those other funds and programmes that do not have that particular oversight activity capacity.

LITTLEJOHNS: Mr. Paschke, your report was quite critical of the UN practices in procurement. Now, the specialized agencies are among the biggest procurers — unfortunate word! Nevertheless, they are the biggest buyers in the system, among the biggest buyers in the system. So how do you prevent waste and corruption and abuse, et cetera, et cetera, in those agencies if there's nothing like your office to ride herd on them?

PASCHKE: Well, I'm not perfectly familiar with the oversight organizational set-up in all of these agencies, but I believe that most of them do have an effective, or more or less effective, internal oversight system of their own. We are, as I just indicated, going to get into this question, and I believe that Member States will expect us to also start discussing with the specialized agencies the quality and the adequacy of their internal oversight systems. And probably a lot of things need to be done there. When I speak about the specialized agencies, I particularly focus on the element of overlapping and duplication of work, because I think the mandates in many cases clearly show that this is the case, and this is something that only the Member States can address, not the Secretariat.

LITTLEJOHNS: Mr. Paschke, that's all the time we have, and we wish you luck in your very important responsibilities. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Karl Theodor Paschke, United Nations Under-Secretary-General for Internal Oversight Services. He was interviewed by James Bone of *The Times* of London, and Evelyn Leopold of Reuters. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.

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